

BEFORE THE DIVISION OF INSURANCE

STATE OF COLORADO

FINAL AGENCY ORDER O-05-012

**IN THE MATTER OF THE MARKET CONDUCT EXAMINATION OF GENERAL
ELECTRIC CAPITAL ASSURANCE COMPANY,**

Respondent

THIS MATTER comes before the Colorado Commissioner of Insurance (the "Commissioner") as a result of a market conduct examination conducted by the Colorado Division of Insurance (the "Division") of General Electric Capital Assurance Company (the "Respondent"), pursuant to §§ 10-1-201 to 207, C.R.S. The Commissioner has considered and reviewed the market conduct examination report dated April 20, 2004 (the "Report"), relevant examiner work papers, all written submissions and rebuttals, and the recommendations of staff. The Commissioner finds and orders as follows:

FINDINGS OF FACT

1. At all relevant times, the Respondent was a corporation licensed by the Division and authorized to conduct the business of accident and health insurance, including long term care, in Colorado.
2. In accordance with §§ 10-1-201, to 207, C.R.S., on April 20, 2004, the Division completed a market conduct examination of the Respondent. The period of examination was January 1, 2003 to December 31, 2003.
3. In scheduling the market conduct examination and in determining its nature and scope, the Commissioner considered such matters as complaint analyses, underwriting and claims practices, pricing, product solicitation, policy form compliance, market share analyses, and other criteria as set forth in the most recent available edition of the examiners' handbook adopted by the National Association of Insurance Commissioners, as required by § 10-1-203(1), C.R.S.
4. In conducting the examination, the examiners observed those guidelines and procedures set forth in the most recent available edition of the examiners' handbook adopted by the National Association of Insurance Commissioners and the Colorado insurance examiners handbook. The

Commissioner also employed other guidelines and procedures that he deemed appropriate, pursuant to § 10-1-204(1), C.R.S.

5. The market conduct examiners prepared a Report. The Report is comprised of only the facts appearing upon the books, records, or other documents of the Respondent, its agents or other persons examined, or as ascertained from the testimony of the Respondent's officers or agents or other persons examined concerning Respondent's affairs. The Report contains the conclusions and recommendations that the examiners find reasonably warranted based upon the facts.
6. Respondent delivered to the Division written submissions and rebuttals to the Report.
7. The Commissioner has fully considered and reviewed the Report, any and all of Respondent's submissions and rebuttals, and all relevant portions of the examiner's work papers.

CONCLUSIONS OF LAW AND ORDER

8. Unless expressly modified in this Final Agency Order ("the Order"), the Commissioner adopts the facts, conclusions and recommendations contained in the Report. A copy of the Report is attached to the Order and is incorporated by reference.
9. Issue A1 concerns the following violation: Certifying compliance of non-compliant policy forms, in some cases. The Respondent shall provide evidence that it has revised its procedures to ensure that all forms included on the annual certification are in compliance with Colorado insurance law. The Division's records indicate that Respondent has complied with the corrective actions ordered concerning this violation.
10. Issue A2 concerns the following violation: Failing to correctly report total aggregate numbers concerning suitability information. The Respondent shall provide evidence that it has revised its procedures to correctly report total aggregate numbers concerning suitability of sales information to ensure compliance with Colorado insurance law.
11. Issue E1 concerns the following violation: Including in some policy forms, payment limitations or exclusionary provisions that are not allowed under Colorado insurance law. The Respondent shall provide evidence that it has revised the exclusionary language in all affected policy forms to ensure compliance with Colorado insurance law. The Division's records indicate that Respondent has complied with the corrective actions ordered concerning this violation.

12. Pursuant to § 10-1-205(3)(d), C.R.S., the Respondent shall pay a civil penalty in the amount of one thousand two hundred fifty dollars and no/100 (\$1,250.00). This fine represents a combined fine for the cited violations of Colorado law. This fine was calculated in accordance with Division guidelines for assessing penalties and fines, including Division bulletin no. 1-98, issued on January 1, 1998.
13. Unless otherwise specified in this Order, all requirements with this Order shall be completed within thirty (30) days of the date of this Order. Respondent shall submit written evidence of compliance with all requirements to the Division within the thirty (30) day time frame, except where Respondent has already complied, as specifically noted in the Order. Copies of any rate and form filings shall be provided to the rate and forms section, with evidence of the filing sent to the market conduct section. All self audits shall be performed in accordance with the Division's document, 'Guidelines for Self Audits Performed by Companies' presented at the market conduct examination exit meeting. Unless otherwise specified in this Order, all audit reports must be received within ninety (90) days of the Order, including a summary of the findings, and all monetary payments to covered persons.
14. This Order shall not prevent the Division from commencing future agency action relating to conduct of the Respondent not specifically addressed in the Report, not resolved according to the terms and conditions in this Order, or occurring before or after the examination period. Failure by the Respondent to comply with the terms of this Order may result in additional actions, penalties and sanctions, as provided for by law.
15. Copies of the examination report, the Respondent's response, and this final Order will be made available to the public no earlier than thirty (30) days after the date of this Order, subject to the requirements of § 10-1-205, C.R.S.

WHEREFORE: It is hereby ordered that the findings and conclusions contained in the final examination Report dated April 20, 2004, are hereby adopted and filed and made an official record of this office, and the above Order is hereby approved this 12th day of August, 2004.

A handwritten signature in cursive script that reads "Doug Dean".

Doug Dean
Commissioner of Insurance

CERTIFICATE OF CERTIFIED MAILING

I hereby certify that on the 12th day of August, 2004, I deposited the within
**FINAL AGENCY ORDER NO. O-05-012 IN THE MATTER OF THE MARKET
CONDUCT EXAMINATION OF GENERAL ELECTRIC CAPITAL ASSURANCE
COMPANY** in the United States Mail via certified mail with postage affixed and
addressed to:

Mr. Thomas Stinson, President
General Electric Capital Assurance Company
6630 West Broad St.
Richmond, VA 23230-1700

Rod Perkins, Chief Compliance Officer
General Electric Capital Assurance Company
6630 West Broad St.
Richmond, VA 23230-1700

Suzanne Thompson, Manager of Regulatory Compliance
General Electric Capital Assurance Company
6630 West Broad St.
Richmond, VA 23230-1700



Dolores Arrington, MA, AIRC
Market Conduct Section
Division of Insurance